

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF
SIERRA LAKES COUNTY WATER DISTRICT**

Date: Friday July 14, 2017 / **Time:** 6:00 p.m. / **Place:** 7305 Short Road, Serene Lakes, CA

I. Open Meeting:

Roll Call: Directors in attendance at the Sierra Lakes Boardroom were:

Director Karen Heald
Director Dan Stockton
Director Michael Lindquist
Director Dick Simpson
Director Bill Oudegeest

Staff members present: Bill Quesnel, General Manager
Anna Nickerson, Financial Consultant

Staff member present by phone: Jeff Mitchell, District Counsel

Guests present were: Karl Byers, property owner

Minute Recorder: Anna Nickerson, Financial Consultant

II. Public Forum: An opportunity for members of the public to address the Board on items that were not on the agenda. There were no public comments.

III. Approve Agenda:

The agenda was presented to the Board for approval.

A motion was made by Director Oudegeest and seconded by Director Stockton to approve the agenda. The motion passed by a unanimous vote.

IV. Public Comments: An opportunity for the Board to consider comments received from the public after the agenda was posted, regarding items on the agenda. There were no public comments received after the agenda was posted.

V. Election of Officers: Director Heald said the Board would be electing a new President and Vice President pursuant to the reasons articulated at the June 9, 2017, meeting; the Board had agreed to postpone the Election of Officers until all board members could be in attendance. Director Heald opened the nominations for the office of President.

Director Stockton nominated Director Lindquist for President. The nomination was seconded by Director Oudegeest. There were no other nominations.

A motion was made by Director Oudegeest and seconded by Director Simpson to close nominations for President. The motion passed by unanimous vote. Director Lindquist was elected President and the meeting continued after he moved into the President's position at the table.

Director Lindquist opened nominations for the position of Vice President.

Director Oudegeest nominated Director Stockton for the office of Vice President. The nomination was seconded by Director Heald. There were no other nominations.

A motion was made by Director Simpson and seconded by Director Oudegeest to close the nominations for Vice President. The motion passed by unanimous vote. Director Stockton was elected Vice President by a unanimous vote.

VI. Lake Management:

A. Mr. Quesnel's memorandum titled "Elevated Walkway, 5478 Bales Rd." dated July 6, 2017, was presented to the Board. Mr. Quesnel said his memorandum provided a short history about the issue of the elevated walkway that was installed along "the strip". He also said Karl Byers, homeowner of 5478 Bales Rd., was in attendance to make a presentation.

Mr. Byers said he had an alternative proposal he wanted to present to the Board. He told the Board that as of July 14, 2017, he had removed the last 15' of walkway in accordance with the Board's request. He then said his proposal was to install a 3' x 5' to 3' x 7' extension to the walkway that could be used during the early part of the season to allow access to the lake without having to walk through murky water. In response to Director Heald's question, Mr. Byers said it was his experience over the last couple of years that the area he wanted to cover temporarily remained wet into late June or the beginning of July. Director Oudegeest said he had been down to the area a couple days earlier and didn't find the area to be uncomfortable to walk on; he didn't have the feeling that he was going to sink into the mud. Director Oudegeest then ask why Mr. Byers needed the extended walkway. Mr. Byers said the area was murky and that it was not fun walking through murky water to access the lake.

Mr. Byers said he appreciated the Board's time and asked that members consider his proposal.

Director Lindquist said the proposal would be discussed during a closed session scheduled for later in the meeting.

B. Mr. Quesnel's memorandum titled "Application for New Pier, 2172 Serene Rd." dated July 5, 2017, was presented to the Board for consideration and possible action. The proposal was to install a Pier D'Nort with exposed sections painted with a flat black or flat earth tone color. Mr. Quesnel said the proposed pier, dimensions, layout and color met the District's standards and was consistent with other piers that had been previously approved by the Board. Staff recommended approval of the request.

A motion was made by Director Oudegeest and seconded by Director Stockton to approve the Snuggs/Loomis Dock at 2172 Serene Rd.

Director Simpson said that the diagram of the pier showed something that looked like feet. He asked if it was understood that the feet were removable and would be taken out of the lake every winter. Mr. Quesnel said Pier D'Nort's were not constructed to survive snow and ice. At the end of the season, the piers, including the legs and feet, are removed from the lake, folded up and stored under the homeowner's deck.

Director Simpson also asked if it was common for a pier to extend 16' out into the lake. Mr. Quesnel said the ordinance allows a pier to extend 15' beyond the high water line. Pier D'Norts are manufactured in 8' sections. Therefore, a foot of the pier would have to be on the shoreline.

The motion passed by a unanimous vote.

VII. Operations:

A. Mr. Quesnel's operations report was presented to the Board for consideration and possible action. Mr. Quesnel said the water level was just barely over the dam and anticipated that staff would start monitoring inflows and releasing water within the next week.

Mr. Quesnel said the fourth person who had been notified about a leak had contacted the District. The homeowner was very accommodating; the water had been turned off until the stop & drain valve can be fixed. Mr. Quesnel said all four leaks were stop & drain valve leaks, which was what he had suspected.

Mr. Quesnel then talked about the jar testing and the Lake Intake Extension project. He said he had been in touch with divers and had ordered the parts for placing an intake tube out into deeper water. He anticipated that the tubing would be installed by the end of July. He also said the second round of jar testing was scheduled for July 27, 2017. Mr. Quesnel said the issue with the jar testing was that the Pyrex pan, used to hold the beakers, was 1/4" too tall and that, for the next round of testing, a shorter pan and different beakers would be used. This would allow for the use of dry ice to better lower the water temperature. Mr. Quesnel also said the interesting thing was that, even though they were only able to lower the water temperature down to between 3°C and 8°C, the different polymer worked better than the current polymer that the District had been using. Director Oudegeest asked if extending of the lake intake pipe came up during the jar testing. Mr. Quesnel said both engineers strongly believed that extending the intake pipe into deeper water and sampling the deeper water for a year, was the best way to go. He also said it would be expensive to extend the intake pipe but that doing so would be the simplest solution to maintaining year-round processing.

Mr. Quesnel said it was anticipated that the pump at the Bales intake station would be replaced on August 17, 2017.

Mr. Quesnel said he had been in touch with CalFire in response to requests from lake front owners to trim/remove trees on District property. He also said, like last year, the Board would be asked to approve a CEQA Notice of Categorical Exemption at the August meeting in preparation for CalFire to begin work after Labor Day.

In response to Director Simpson's question, Mr. Quesnel said the new endpoints were still not communicating. He also said staff would be moving the original 10 endpoints to areas where cell service was known to be good; somewhere up on Hillside Drive or Pahatsi. He said he would be having a discussion with Badger regarding the LTE endpoints. He also said the next 100 endpoints would be installed around the District; endpoints would be placed at a combination of Director's, vacation, rental and full time residence properties.

Director Lindquist said he would like spot checks to be performed at the property that had connected a sump pump to the sewer system on two occasions. Mr. Quesnel said he had the issue on the schedule to be checked regularly. He also said staff would continue to be out with the camera looking for I&I and that they would also check that particular lateral both regularly and irregularly. Director Lindquist asked Mr. Quesnel how confident he was that the homeowner understood that connecting a sump pump to the system was illegal. Mr. Quesnel said there had been several emails back and forth and a site visit by staff; so he was certain that the homeowner knew connecting a sump pump to the system was illegal. Director Lindquist wanted the homeowner to be fully aware of what the rules were and what the consequences would be for breaking the rules. Mr. Quesnel said he would get with Mr. Mitchell to discuss sending a follow-up letter to the homeowner stating that he had been caught twice and what the ramifications would be if he were caught again. Mr. Quesnel also said he had not contacted Placer County about red tagging a property if the sewer service had been plugged because the homeowner had corrected the matter.

Director Lindquist asked if the "Home Water Leaks" handout was sent to all property owners. Mr. Quesnel said Jeff Krebill put together an exhibit that showed what happened if the stop & drain valve were partially closed or partially open. Director Simpson, who also participated by manning the exhibit at Lot 1 on July 2, said he found demonstrating how a stop & drain valve worked or didn't work was more effective and faster than reading the flyer. He said he thought most of the people that stopped by the exhibit already understood how it worked and that those who didn't were probably down at the beach. He said he handed out about 10 of the 75 flyers printed and talked to 25-30 people. Director Lindquist asked Mr. Quesnel if he thought stop & drain valves were one of the biggest leak problems and Mr. Quesnel said they were. Director Lindquist suggested that a short video or power point of the proper operation of a stop & drain valve be posted on the website. Director Stockton suggested that the video clip could be emailed to property owners. Mr. Quesnel said he didn't believe stop & drain valves were meant to be turned on and off every weekend. He also said the updated ordinances provided more language about testing and demonstrating the working order of the valve as part of a remodel or sale of a home. Mr. Quesnel then said he thought a lot of the problem was with renters and suggested that he might give information to Sue Busby and any other real estate agents in the area. Director Lindquist suggested providing the information to the people who cleaned rental properties since they come in after the renters leave. Mr. Quesnel said he would develop a program.

VIII. Consent Items Calendar:

The Consent Items Calendar was presented to the Board for action. The Consent Items Calendar included the minutes from the June 9, 2017, Regular Meeting, the June 2017 Check Register, Disbursements for Board Approval, and the June 30, 2017, Preliminary Year End Financial Reports. Director Simpson said in regard to his edits of the June 9, 2017, minutes that he had a question about the cost of the dumpster the District agreed to provide for the community

cleanup. He said he thought it was going to be around \$366 but if Mrs. Nickerson couldn't confirm that the cost could be left out. Director Lindquist asked if anything needed to be pulled out of the Consent Items Calendar for discussion. No items needed to be pulled out.

A motion was made by Director Oudegeest and seconded by Director Heald to approve the Consent Items. The motion passed by a unanimous vote.

IX. New Business:

A. Mr. Quesnel's memorandum titled "Contract Awards: Utility Repair and Roof Replacement Projects" dated July 5, 2017, was presented to the Board for consideration and possible action. Mr. Quesnel said, based on the approved budget, he put together bid documents for the utility work and roof replacement projects, bids were opened on Monday, July 10, 2017, and a summary of the bid results was contained in the subsequent memo that was part of the board packet. Mr. Quesnel's recommendation was that the Board award the utility repair contract to Four Point Engineering of Wellington, Nevada, and the roof replacement contract to Sierra Single Ply Inc., of Sacramento. He also asked for approval to issue Change Orders in an amount not-to-exceed 10% and to authorize the Board President to sign the Construction Contracts.

A motion was made by Director Oudegeest and seconded by Director Stockton to award the contracts as proposed and to approve signature by the Board President. The motion passed by a unanimous vote.

B. Mr. Quesnel's memorandum titled "Request for Utility Service Fee Waiver, 8267 Muir Crt." dated July 6, 2017, was presented to the Board for consideration and possible action.

C. Mr. Quesnel's memorandum titled "Request for Continuance of Utility Service Fee Waiver, 5478 Bales Rd." dated July 11, 2017, was presented to the Board for consideration and possible action.

A motion was made by Director Oudegeest and seconded by Director Heald to approve both waivers. The motion passed by a unanimous vote.

D. Mrs. Nickerson's CalPERS memorandum titled "Annual Lump Sum Payment", dated July 7, 2017, was presented to the Board for consideration and possible action. She said paying the lump sum amount, instead of making monthly payments, would save the District about \$1,036.

A motion was made by Director Heald and seconded by Director Oudegeest to pay the annual lump sum amount. The motion passed by a unanimous vote.

E. Mrs. Nickerson presented Resolution 2017-840, "A Resolution of the Board of Directors of the Sierra Lakes County Water District Establishing Appropriations Limitation" for Fiscal Year 2017/2018, for consideration and possible action. Director Simpson noted that the budget reflected \$2.4 million in expected revenue, \$1.95 million in total expense with another \$0.4 million in depreciation and other expenses for a total of \$2.3 million. However, the appropriation limitation was only \$2.2 million. Mrs. Nickerson said it was her understanding that the appropriations limitation only pertained to the operating budget expenses.

A motion was made by Director Oudegeest and seconded by Director Stockton to approve Resolution 2017-840. The motion passed by a roll call vote. Ayes: Directors Stockton, Heald, Simpson, Oudegeest and Lindquist. Noes: none. Abstentions: none. Absent: none.

X. Old Business:

A. Mr. Quesnel's memorandum titled "Fuel Tank Regulation Legislation Update" dated July 5, 2017, was presented to the Board for consideration and possible action. Mr. Quesnel said the current version of the proposed legislation was unanimously approved by the Assembly and that the Bill would now go to Governor Brown's office for consideration in late July or early August. The legislation would become effective January 1, 2018, if signed by the Governor.

B. Mr. Quesnel's memorandum titled "Heating Oil Tank Financial Assistance Program Contacts" dated July 5, 2017, was presented to the Board for consideration and possible action. Director Lindquist said Mr. Benson had identified the next big challenge and that was finding a contractor to do the work. Mr. Quesnel said he had given Mr. Benson the name of a contractor who was recommended by the consultant on the Bales fuel spill. Unfortunately, that contractor only had a Nevada license. Mr. Quesnel also said, given the difficulty of finding a contractor that could do the work, it might not be feasible for the homeowner to obtain the two estimates that were required.

Mr. Quesnel said one of the other homeowners with an abandoned tank, which still had product in it, wanted to remove the tank himself, since he owned a backhoe. Mr. Quesnel referred the homeowner to Placer County, because a permit would be required; but the homeowner was told he could not do the work unless he had the specific license.

Mr. Quesnel said he thought the removal of underground tanks was going to be easier than replacing above ground tanks and that, based on his research, replacing ASTs with all the double walled piping was going to be much more challenging. He also said he would follow up with the other three homeowners and contact Placer County to see what could be done to keep the process moving forward.

Mr. Quesnel then said, based on old records, he thought there were a total of about 10 tanks in the District. He asked if the Board thought it would be appropriate for staff to call those homeowners, who potentially had tanks but didn't respond to the letter that was sent with the utility billing, to make sure they knew about the assistance program. Director Lindquist said he wanted to thank Mr. Benson for being proactive and doing all the work that he had done. He said he really appreciated what Mr. Benson was doing. Director Lindquist also said he was supportive of contacting the other property owners who might have tanks to be sure they understood the importance of the issue and the incentive program that was available. There was no opposition to Mr. Quesnel's proposal.

X. Administration:

A. The list of Follow-up Items from the June 9, 2017 meeting was presented to the Board for consideration and possible action. Items two and three had been completed. Mr. Quesnel had said earlier in the meeting that he had not contacted Placer County about red tagging if a sewer system was blocked since the homeowner had disconnected the sump pump. Director Lindquist

said he learned that most agencies' fiscal years close July 1st and that this was not a good time to call Financial Directors about their investment choices. He also said there is a propensity for other agencies to participate in the CERBT rather than PARS. Mrs. Nickerson said that a new lump sum payment estimate of the total unfunded pension liability would not be available until after July 15, 2017; but should have it for consideration at the August meeting.

B. The Status of Action Items remaining as of the July 2017 Board meeting was presented to the Board for consideration and possible action. Mr. Quesnel said he had gotten busy with other issues but hoped to have the District's updated code ready for consideration at the October or November meeting. He also said he would send the updated code out a couple of weeks before the meeting to allow more time for review. In regard to the AMR study, Mr. Quesnel said staff would be moving the 10 endpoints to places where cell service was known to be good to get them back online. Mrs. Nickerson said she had been very busy with end of fiscal year activities; but she has been making copies of everything, so it will just be a matter of compiling the information into the office procedures binder.

Director Stockton said he planned on recusing himself from the Byers closed session discussion and asked if there was anything he needed to stay for. Director Stockton left the meeting prior to the next agenda item; he did not return.

XI. Closed session pursuant to Government Code Section 54956.9(d)(2)

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of section 54956.9: One potential case – Threat of litigation by Karl Byers (Section 54956.9 (e)(5)).

A motion was made by Director Oudegeest and seconded by Director Heald to move the meeting into closed session. The motion passed by a unanimous vote.

A motion was made by Director Heald and seconded by Director Simpson to move the meeting into open session. The motion passed by a unanimous vote.

Jeffrey Mitchell, District Counsel, reported out of closed session. He said the Board met in closed session with legal counsel under anticipated litigation and no action was taken.

XII. Adjournment

A motion was made by Director Oudegeest and seconded by Director Heald to adjourn the meeting. The motion passed by a unanimous vote.

The minutes were approved at the Regular Meeting held on August 11, 2017 as part of the Consent Items Calendar. A motion was made by Director Oudegeest and seconded by Director Simpson to approve the Consent Items Calendar. The motion passed by a unanimous vote.